



Standards
& Testing
Agency

Standards and Testing Agency Annual Report and Accounts

For the year ended 31 March 2019

An executive agency of the Department for Education

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Performance report

Overview

This section details the Standards and Testing Agency's (STA or the agency) organisational structure, performance, key issues and risks.

Accounting officer's introduction and perspective on performance

This annual report and accounts (ARA) covers the operation of STA, as an executive agency of the Department for Education (DfE or the department), for the year ending 31 March 2019.

STA's focus is to provide an effective and robust national testing, assessment and moderation system to measure and monitor pupils' attainment from reception to the end of key stage 2 (KS2).

The agency has delivered against its objectives for this year by:

- overseeing the development of tests, delivery, marking, and the return of the results of 3.6 million KS2 test scripts from April 2018 to July 2018, meeting our key performance indicators (KPIs) for timeliness and quality
- providing effective support to schools to administer national curriculum assessments (NCA)
- continuing our successful development and delivery of key stage 1 (KS1) tests to inform teacher assessment
- continuing to implement reforms to the statutory assessment system following the government's 2017 public consultation, including the introduction of new pre-key stage standards for the assessment of pupils working below the standard of the national curriculum
- successfully developing and delivering the phonics screening check
- continuing to successfully manage the general qualifications logistics service, and the development of the professional skills tests

Statement of purpose and activities

STA is responsible for the development and delivery of assessments and testing in England, under statutory instruments, on behalf of the Secretary of State for Education. In carrying out these functions, we:

- develop and implement assessment policy in England in line with ministerial priorities
- develop high-quality and rigorous national curriculum tests and assessments in line with government policy
- undertake operational delivery of national curriculum tests and assessments (including printing, test administration, distribution, provision of systems, marking and data capture and investigations of maladministration)
- set and maintain test standards, including standards related to marking
- produce test administration guidance for the KS1 and KS2 tests
- produce exemplification materials for KS1 in science, mathematics and English writing, and English writing at KS2, to support teacher assessment
- support the moderation of teacher assessment judgements of pupil performance so the data it generates is reliable and can be used for national statistics

As chief executive, I sign off:

- the content of the national curriculum tests
- the setting and maintenance of standards

I act independently of the department and ministers to ensure confidence in the validity of test outcomes.

In addition to the development and delivery of national curriculum tests and assessments in England, STA is responsible for managing the development of the professional skills tests for prospective teachers on behalf of DfE. From October 2018, responsibility for professional skills test delivery moved to the Teacher Services Division in DfE. On 16 July 2019, Minister Gibb announced that professional skills tests would be replaced with [a new approach](#)¹ to assessing numeracy and literacy of prospective teachers.

¹ <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2019-07-16/HCWS1728/>

STA also manages the general qualifications logistics service provided to exam centres and examiners, which collects exam scripts from schools and delivers them to awarding organisations for marking.

Structure of the agency

During the reporting period STA consisted of 3 divisions—Assessment Strategy, Policy and Communications Division (ASPCD), Test Development Division, and Test Operations Division. The structure can be seen in the diagram on page 9. ASPCD was responsible for:

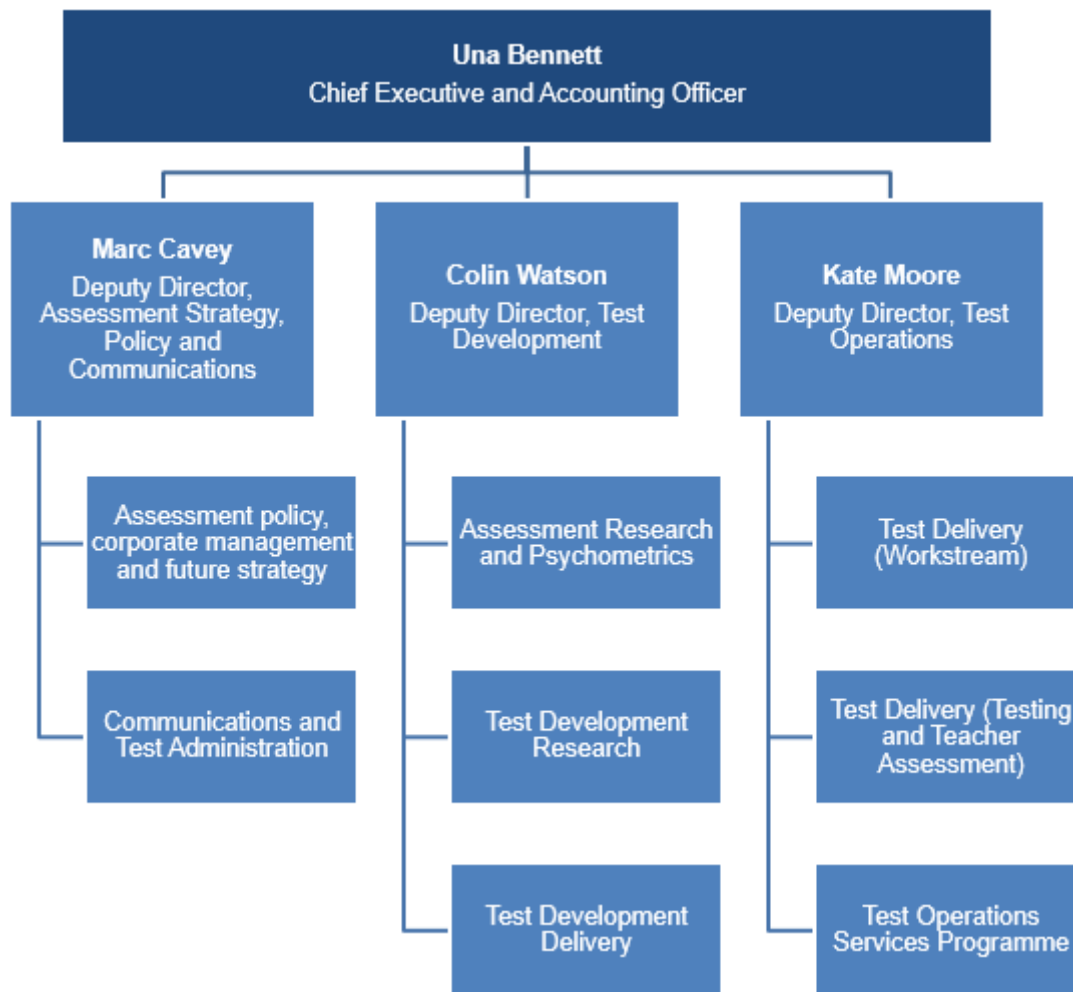
- the agency's corporate management and future strategy
- leading the development and implementation of government policy on assessment
- supporting schools to administer national curriculum tests
- communications with the agency's stakeholders and users

The Test Development Division was responsible for:

- developing high quality and rigorous NCA tests in line with ministerial policy
- managing development and delivery (for part of the year) of the professional skills test

The Test Operations Division was responsible for:

- undertaking operational delivery of tests and assessments, including supporting schools and other stakeholders to deliver assessments
- implementing arrangements for moderation of teacher assessments
- managing the general qualifications logistics service



Important issues and risks

STA is responsible for DfE's top tier risk relating to primary assessment.

There are a number of component parts (sub risks) relating to this risk. They include:

- development of poor quality test content which raises concerns over the validity of the tests
- compromised security of the tests
- NCA test materials print, collation and logistics supply chain failure
- KS2 marking quality and marking service capacity
- public confidence in the statutory assessment system
- STA staff capacity and capability
- set-up and transition to a new contractual arrangement for delivery of test operations from 2019/20

STA rigorously manages the strategic risk and its component parts using a set of well-defined mitigations and contingencies. The whole operation is managed using established programme, project and risk management techniques.

The risk was updated and reviewed by the department's leadership team in:

- July 2018
- October 2018
- January 2019
- March 2019

The agency has robust governance arrangements in place to ensure the timely resolution of any challenges as well as the delivery of routine work.

The department's estimate and forward plans include provision for the agency's continuation. It is therefore appropriate to prepare the agency's accounts on a going concern basis.

Performance summary

The scale of our operational delivery includes:

- oversight of the printing, distribution and collection of KS1 and KS2 NCA test materials to 16,500 participating schools
- recruitment, training and ongoing quality assurance of a pool of approximately 4,000 markers for KS2
- marking of over 3.6 million KS2 test script components in a 3-week period to ensure the successful return of results on 10 July 2018
- management of the successful delivery and collection of 800,000 packages of general qualification exam scripts from approximately 5,800 exam centres across England
- delivery of over 92,000 professional skills tests for prospective teachers between 1 April and 31 October 2018

Performance relating to test development can be found in the [National curriculum test handbook](#)². We provide further information on our performance within the Performance analysis section of this report.

² www.gov.uk/government/publications/2018-national-curriculum-test-handbook

Performance analysis

Key organisational performance measures

STA has 5 key performance indicators which we use to measure our areas of delivery. These indicators are at the centre of a framework which is used to monitor our performance. This year, we have removed the indicator relating to delivery of the professional skills tests for prospective teachers as responsibility for delivery has passed to the Teacher Services Division in DfE.

The outcomes are set out below, against our performance indicators.

Area of delivery	Performance indicator	Baseline	Outcomes for 2018/19	Outcomes for 2017/18	Outcomes for 2016/17
Provision of KS2 results	Schools assessing pupils must receive a complete set of test results data at their respective school, containing a correct test result (not withstanding any marking or process reviews) for every test taken by a pupil, by agreed date.	99.9%	100%	100%	100%
Return of KS2 test scripts to schools	Schools assessing pupils must receive a complete set of test scripts marked on-screen and their respective school must have access to	99.9%	100%	100%	100%

Area of delivery	Performance indicator	Baseline	Outcomes for 2018/19	Outcomes for 2017/18	Outcomes for 2016/17
	a complete set of test scripts marked on-screen through the script return website.				
Helpline service	Calls received must be resolved at first contact.	85.0%	93.65%	90.11%	91.26%
Web-based systems to support schools	NCA tools is available 24 hours a day with an availability of at least 99.8%.	99.9%	99.99%	99.99%	99.98%
General qualification logistics	Consignments collected from centres and delivered for marking.	99.0%	99.99%	99.99%	99.99%

Development and performance of the agency

The scope and range of STA's operations have remained broadly stable over the last year. The agency has performed well against the majority of its objectives and key performance indicators.

Objectives

DfE's overall vision is to provide world-class education, training and care for everyone, whatever their background. It will make sure that everyone has the chance to reach their potential and live a more fulfilled life. It will also create a more productive economy, so that our country is fit for the future.

STA supports schools in raising standards in education, through the successful delivery of world-class tests and assessments.

In carrying out our national testing and assessment functions, the agency is independently regulated by the Office of Qualifications and Examinations Regulation (Ofqual). Ofqual has a duty to keep all aspects of national testing and assessment

arrangements under review. Ofqual will report to the Secretary of State if it appears that there is, or is likely to be, a significant failing in the arrangements.

Ofqual publishes an [annual report](#)³ which explains how national tests and assessments are regulated. Ofqual has 2 statutory objectives that relate to national assessments:

- to promote national test and assessment standards
- to promote public confidence in national curriculum tests and assessments

Ofqual focuses its oversight on assessment validity, in particular through scrutiny of technical processes, such as standard setting and maintenance. It maintains high-level monitoring of assessment delivery. Ofqual also provides a view of the agency's technical advice to ministers on changes to national testing and assessment arrangements.

Performance in delivery areas

National curriculum assessment delivery

The NCA tests are developed to assess pupil performance against the current primary curriculum, which was introduced in 2014.

Much of the visible delivery activity for statutory national curriculum testing and assessments aligns with the school year. Preparations for each delivery cycle take place in advance. These include:

- development of tests
- arrangements for assessments
- planning of operations
- procurement of services and suppliers
- development of support materials.

This report therefore covers:

- work on the delivery of the 2018 test cycle (mainly April to August 2018)
- residual work arising from the 2018 test cycle, such as investigating possible maladministration cases
- preparations for the 2019 test cycle and beyond

³ www.gov.uk/government/publications/national-assessments-regulation-annual-report-2018

During this period, the agency successfully delivered the conclusion of the 2018 test cycle.

For the KS2 tests, the agency:

- developed a full range of high-quality tests
- oversaw the printing, distribution and collection of test scripts from 16,500 participating schools
- oversaw the recruitment, training and on-going quality assurance of a pool of approximately 4,000 markers for KS2
- managed the marking of over 3.6 million test script components in a 3-week period to ensure the successful return of results to schools on 10 July 2018
- returned 100% of KS2 results to schools on time (against a KPI of 99.9%)

During this period, the agency has also developed, trialled and handed over to print, high-quality test materials for the 2018/19 cycle. They include:

- KS1 and KS2 English reading
- KS1 (optional) and KS2 English grammar, punctuation and spelling
- KS1 and KS2 mathematics
- year 1 phonics screening check

The agency conducted lessons learned exercises throughout the test cycle. As a result, it introduced many business improvements, such as aligning the pupil access arrangements system with updated special needs guidance.

The majority of individual operational functions are delivered under contract by specialist third party suppliers, for example printing, logistics and marking. This approach has been extremely successful over the life of the agency. It relies on robust contract and supplier management.

The contracts for delivery of the NCA test operations service under the current supply chain delivery model will come to an end following conclusion of the 2018/19 test cycle. The 2015/16 ARA set out the strategy that the agency developed for re-procurement of these critical functions. This year, we have concluded the re-procurement process in line with this strategy. Further information can be found on page 19.

The majority of the tests and assessments that the agency delivers are designed to measure pupils' attainment at the end of a particular academic year or key stage. The peak period of external-facing activity for the agency is therefore in the latter half

of the school year (April to August). However, preparation for the annual tests spans academic and financial years.

STA develops tests in house using processes in line with international best practice. Ofqual has confirmed that processes are followed appropriately. Test development activity begins well in advance of the annual test cycle. During this reporting period, the agency has commissioned, trialled and refined new items in all subjects at KS1 and KS2 for 2019 tests and beyond. Full details of the test development process are published in the [2018 test handbook](#)⁴.

Following the removal of levels in 2016, the agency developed teacher assessment frameworks and exemplification materials. These were designed to support statutory teacher assessment at the end of KS1 and KS2. The agency revised English writing frameworks and published new exemplification materials for use in 2018.

The agency provides mandatory training of local authority moderators for English writing for the statutory teacher assessment judgements.

For 2018/19, 398 local authority lead moderators and 2,368 pool moderators were trained and met the required standard. The agency revised this process for 2018/19 and published updated teacher assessment guidance and training for schools and moderators, as a result of sector feedback.

The agency revised and published the following, for use in 2019:

- teacher assessment frameworks for English reading and mathematics at KS1
- teacher assessment frameworks for science at KS1 and KS2
- exemplification materials for the revised teacher assessment frameworks

The agency confirmed that teacher assessment data will no longer be collected for KS2 English reading and mathematics from 2019. Test data will continue be used for school accountability purposes.

During the 2018 test cycle, approximately 30 primary schools in Jersey participated in the KS2 tests. Jersey schools took the tests the week after schools in England, during the timetable variation week. KS2 test results were returned to the Jersey schools on 10 July 2018, alongside results for schools in England. This enabled Jersey to benchmark its primary school performance against that of English schools.

⁴ www.gov.uk/government/publications/2018-national-curriculum-test-handbook

Rochford Review

In its [response to the Rochford Review consultation](#)⁵, the government committed to replacing P scales with 2 new forms of statutory assessments for pupils working below the standard of NCAs at the end of KS1 and KS2. Pre-key stage standards are for pupils engaged in subject-specific study, replacing P scales 5 to 8. The 7 aspects of engagement are for pupils not engaged in subject-specific study, replacing P scales 1 to 4.

STA published the final [pre-key stage 1 standards](#)⁶ and [pre-key stage 2 standards](#)⁷ on 24 May 2018. This provided advance notice to schools ahead of their statutory introduction from the 2018/19 academic year onwards.

As the 7 aspects of engagement were relatively untested, we confirmed that we would pilot their use, with a view to introducing them on a statutory basis in the 2019/20 academic year. This would be subject to the findings of the pilot.

The 7 aspects of engagement pilot ran between January and July 2018. It involved 55 schools. Its purpose was to identify good practice and implementation issues. The pilot highlighted the need to:

- provide detailed training and guidance for stakeholders to ensure that they have a good understanding of the approach
- implement measures to help reduce the workload impact the new approach will have for some schools, particularly mainstream schools
- ensure that schools are supported to use the tool effectively in working with parents

STA published the final evaluation [report](#)⁸ on 22 November 2018. We announced that P scales 1 to 4 will be replaced with a variant of the 7 aspects of engagement. To address the implementation issues identified by the pilot, we confirmed that the new assessment would be deferred by 12 months, to become statutory in the 2020/21 academic year.

Reception baseline assessment

DfE remains committed to measuring the progress of pupils through primary school. In response to the 2017 consultation on primary assessment in England, the government announced plans to introduce a statutory reception baseline assessment (RBA) in autumn 2020. The RBA will allow us to measure children's

⁵ www.gov.uk/government/consultations/primary-school-pupil-assessment-rochford-review-recommendations

⁶ www.gov.uk/government/publications/pre-key-stage-1-standards

⁷ www.gov.uk/government/publications/pre-key-stage-2-standards

⁸ www.gov.uk/government/publications/7-aspects-of-engagement-pilot-qualitative-evaluations

progress throughout their whole time at primary school, rather than just from the end of year 2 to year 6.

On 11 April 2018, we announced that the National Foundation for Educational Research (NFER) had been contracted to develop and deliver the RBA as a single supplier. This includes:

- the trial phase
- the pilot phase
- the first 2 years of statutory delivery

From September to October 2018, NFER carried out a 6-week trial of the RBA in 317 schools. They analysed the data collected from this trial and used it to inform further development of the RBA.

STA published the [RBA framework](#)⁹ on 27 February 2019. In March 2019, we opened an exercise to recruit schools to participate in a national pilot in the autumn of 2019. Over 9,400 schools are currently registered as participating in the pilot.

General qualifications logistics service

STA managed the successful delivery and collection of 800,000 packages of general qualification exam scripts from approximately 5,800 exam centres across England during 4 examinations series.

Professional skills tests

STA managed the skills delivery contract up until October 2018. From then on, responsibility for delivery moved to the Teacher Services Division in DfE. Responsibility for test development remained with STA.

During this reporting period:

- the agency has overseen the successful delivery of professional skills tests for teachers
- over 92,000 tests were delivered
- 40 test centres in the UK and 2 international test centres were delivering the professional skills test
- the average satisfaction rate relating to customers' experience of booking and taking the test was 93%

⁹ www.gov.uk/government/publications/reception-baseline-assessment-framework

Multiplication tables check

STA has continued to develop the new statutory online/onscreen multiplication tables check (MTC). The MTC will become mandatory for year 4 pupils in all state-funded primary schools in England (as well as the 21 Ministry of Defence primary schools located around the globe) from the 2019/20 academic year. A voluntary national pilot for all schools with year 4 pupils was conducted in June 2019.

STA has carried out a significant amount of user research to:

- ensure the MTC is fit for purpose for this year group
- minimise the burden on schools
- develop accessibility arrangements for pupils with special educational needs and disabilities

The agency has also dedicated significant effort to ensuring the MTC will:

- be efficient, high performing and secure, developed in line with National Cyber Security Centre, and government digital standards
- work on a variety of devices, including laptops, tablets and desktop computers, to avoid the need for schools to purchase new equipment
- operate without interference where schools have poor or unreliable internet connections

The agency appointed an external body, the Scottish Qualifications Authority, to run the following 3 system and item trials:

- trial 1, February 2018—a private trial with 55 schools to test the system functionality and data recording
- trial 2, March 2018—a question timing trial with 50 schools to understand the appropriate recall time for year 4 pupils to answer the questions
- trial 3, June 2018—a technical pre-test with approximately 200 schools to gather item-level data for form construction on national rollout

Following these trials, a fourth small-scale trial took place in February 2019, to test all end-to-end journeys, performance and usability. The service, in the form of a school administration and pupil try-me-out check familiarisation application, went live to all eligible schools on 1 April 2019, in advance of the national pilot check which was administered online from 10 to 28 June 2019.

The [MTC assessment framework](#)¹⁰ was published on 13 November 2018.

¹⁰ www.gov.uk/government/publications/multiplication-tables-check-assessment-framework

Test operations services programme

In October 2015, STA started the procurement process to select a supplier to deliver test operations services. The procurement was conducted through a competitive dialogue process due to the complexity and risk level of the services, and to allow new suppliers to come forward.

The new contract was awarded to Capita Business Services Limited in July 2018. It will be in place for the delivery of the 2020 to 2024 KS1 and KS2 tests in English and mathematics, and the phonics screening check. The contract includes an option to extend for a further test cycle.

The contract brings together the following services, currently delivered through a number of separate contracts:

- print
- collation
- logistics
- marking
- data
- helpline
- systems

This should enable more effective and integrated operational delivery.

STA staff are working with Capita to prepare for the delivery of the first test cycle with the operational year formally commencing in September 2019. The work with Capita on set-up, STA's transition to a different operating model and exit arrangements for existing supplier contracts are being managed as a programme, the test operations services programme. This enables appropriate oversight of this change and this will continue to be the agency's most significant area of risk in the year ahead.

Forward look

Over the coming year, STA's focus is to:

- successfully deliver the 2019 and 2020 test cycles
- develop tests for future years
- successfully deliver the RBA and MTC national pilots
- ensure the successful set up of the new test operation services and transition into operational delivery

Financial commentary

The agency is consolidated into the departmental group ARA and further information on the financial outcomes are given in the financial overview section. As such, only a high-level analysis is provided here.

Statement of Comprehensive Net Expenditure

Funding is received directly from the department which the agency uses to further its objectives.

Total operating expenditure for 2018-19 was £65.1 million (2017-18: £54.2 million). The increase relates to the test operations services programme.

Shared services costs of £3.5 million (2017-18: £4.4 million) are a notional recharge from the department to the agency, for which no budget allocation is made. The charge is an allocation of central group costs made to enable an approximation to the full cost of the agency to be disclosed.

Statement of Financial Position

The agency does not have any non-current assets other than software assets, as it operates out of the departmental estate. Working capital of receivables and payables is shown accordingly.

The software the agency has recognised is development expenditure in relation to the year 4 multiplication tables check, which will become mandatory in June 2020.

The agency does not operate its own bank account, funds are held and disbursed from departmental group bank accounts. Consequently, no cash at bank balance is presented.

Payables have decreased slightly to £10.7 million (2017-18 restated £11.6 million). The agency has worked closely with suppliers this year to ensure that invoices are received and paid for promptly, reducing the number of required accruals.

Long-term expenditure trends

In November 2015 the department agreed a settlement with HM Treasury for the next 4 financial years, as part of the [2015 spending review](#)¹¹. Following this settlement, the department's [Single Departmental Plan](#)¹² was published in June 2016. The figures for the agency are included within the departmental spending plans.

The departmental group ARA presents the expenditure trends for the whole of the departmental group.

Performance in other matters

STA is aligned with DfE on the following matters.

Sustainability

We adopt DfE's policies on sustainability. We aim to manage our business in an environmentally sustainable way. The departmental group ARA describes our performance in this.

Social matters

The agency adopts DfE's policies relating to social matters.

In line with DfE's policy, we actively promote volunteering as an opportunity to give back to worthwhile causes and develop personal skills.

DfE's volunteering policy offers a minimum of 3 days of special paid leave for non-statutory volunteering and up to 6 days of special paid leave for statutory volunteering, which includes school governors' responsibilities.

DfE's Diversity and Inclusion Strategy focuses on attracting, recruiting, managing and supporting a diverse workforce that reflects the community we serve. DfE's strategy builds on the Civil Service Diversity and Inclusion Strategy, released in October 2017.

¹¹ www.gov.uk/government/publications/spending-review-and-autumn-statement-2015-documents

¹² <https://www.gov.uk/government/publications/department-for-education-single-departmental-plan>

DfE has many active networks who meet together as a group. This ensures a coordinated approach to delivering the actions from DfE's Diversity and Inclusion Strategy, Equality, Diversity and Inclusion Plan.

Respect for human rights

Under the Equality Act 2006, the agency supports the development of society in which:

- people's ability to achieve their potential is not limited by prejudice or discrimination
- there is respect for and protection of each individual's human rights
- there is respect for the dignity and worth of each individual
- each individual has an equal opportunity to participate in society
- there is mutual respect between groups based on understanding and valuing diversity, and on shared respect for equality and human rights

Anti-corruption and anti-bribery matters

The agency, as part of DfE, is committed to conducting its affairs in an ethical and honest manner. It enforces systems that ensure bribery is prevented. The department has zero tolerance for bribery and corrupt activities. In all its business dealings and relationships, it is committed to acting:

- professionally
- fairly
- with integrity

We will constantly uphold all laws relating to anti-bribery and anti-corruption in all the jurisdictions in which it operates. The department is bound by the laws of the UK, including the Bribery Act 2010.

This year, staff were required to complete mandatory training on their responsibility to recognise and prevent fraud and bribery. DfE's standards of behaviour policy sets out its expectations from staff in relation to theft and fraud.

Una Bennett
Accounting Officer

2 October 2019

Accountability report

Corporate governance report

This report includes details of the practices and processes which direct and control STA.

Directors' report

Directors

STA's senior civil servants who served on the executive management board (EMB) during the year are:

Civil servant	Position
Claire Burton	Chief Executive Officer (to 16 September 2018)
Una Bennett	Chief Executive Officer (from 17 September 2018), Deputy Director, Test Operations (to 16 September 2018)
Colin Watson	Deputy Director, Test Development
Marc Cavey	Deputy Director, Assessment Strategy, Policy and Communications
Kate Moore	Deputy Director, Test Operations (from 17 September 2018)

Progress

This past year, the EMB has changed as follows:

- Claire Burton left her role as Chief Executive Officer in September 2018
- Una Bennett, formerly Deputy Director of Test Operations, became Chief Executive Officer in September 2018
- Kate Moore was appointed to the role of Deputy Director of Test Operations on an interim basis in September 2018—she filled the post permanently from 1 April 2019

There have been no potential conflicts of interest this year.

Report on personal information breaches

All government departments are required to report personal data related incidents that have occurred during the financial year, in accordance with the standard disclosure format issued by the Cabinet Office.

The Cabinet Office defines a 'personal data related incident' as a loss, unauthorised disclosure or insecure disposal of protected personal data. 'Protected personal data' is data which could cause harm or distress to individuals if released or lost. As a minimum, this includes:

- information linked to one or more identifiable living person
- any source of information about 1,000 or more identifiable individuals, other than information sourced from the public domain

The number of personal data related incidents that fell within the criteria for reporting to the Information Commissioner's Office are as follows:

Date	2018/19	2017/18	2016/17
Number of incidents	Nil	Nil	Nil

Complaints to the Parliamentary Ombudsman

The Parliamentary and Health Service Ombudsman can investigate complaints against the administrative actions of a wide range of government departments and other public bodies, or the actions of organisations acting on their behalf. STA falls within the scope of the ombudsman's activities.

The number of STA-related complaints accepted for investigation are as follows:

Date	2018/19	2017/18	2016/17
Number of incidents	Nil	Nil	Nil

STA adheres to DfE's complaints process, which commits to responding to any complaint within 15 working days.

Statement of accounting officer's responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed STA to prepare a statement of accounts for each financial year, on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of STA's:

- state of affairs
- income and expenditure
- Statement of Financial Position
- cash flows for the financial year

In preparing the accounts, the accounting officer must comply with the government Financial Reporting Manual (FReM). In particular, they are required to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis
- confirm that the ARA as a whole is fair, balanced and understandable
- take personal responsibility for the ARA and the judgements required for determining that it is fair, balanced and understandable

The Permanent Secretary, as Principal Accounting Officer of DfE, has designated me as the Accounting Officer of STA. As set out in HM Treasury's [Managing public money](#)¹³, the accounting officer is responsible for:

- the propriety and regularity of the public finances, for which the accounting officer is answerable
- keeping proper records
- safeguarding the agency's assets

As the accounting officer, I have taken all the necessary steps to make myself aware of any relevant audit information and to establish that the agency's auditors are aware of the information. So far, as I am aware, there is no relevant audit information of which the auditors are unaware.

¹³ www.gov.uk/government/publications/managing-public-money

Governance statement

Scope of responsibility

As accounting officer, I have personal responsibility for:

- maintaining a robust system of governance
- internal control and risk management to support STA in achieving its policies and objectives
- safeguarding public funds and departmental assets

Governance, internal control and risk management

STA's system of governance, internal control and risk management are designed to manage risk to a reasonable level, in order to achieve the agency's policies and objectives. They do not attempt to eliminate all risk completely. STA can therefore provide high, not absolute, assurance of their effectiveness.

I have reviewed the effectiveness of governance, internal control and risk management arrangements in operation within my area of responsibility. I consider them to be fit for purpose. My conclusion is informed by:

- the assessment of the deputy directors responsible for the development and maintenance of these arrangements
- the findings of my EMB

Every senior civil servant (SCS) in STA is required to complete an assurance framework record. This details their compliance with departmental arrangements regarding:

- risk
- control systems
- use of resources
- any issues

I am therefore able to provide DfE's management committee and ministers with assurance that we have managed our agenda well and will continue to do so, while delivering efficiencies. We maintain financial information on the delivery of all programmes at corporate level and, where relevant, at programme level.

I am confident that I have necessary arrangements in place for good corporate governance. I review these arrangements regularly to ensure they comply with the [Corporate governance code for central departments](#)¹⁴. I have not identified any departures from the code.

Governance at departmental level

As accounting officer, I am accountable to the Secretary of State for the agency's:

- performance
- leadership
- day-to-day management

DfE's Director General for Early Years and Schools Group (EYSG) performs an oversight role, on behalf of the Secretary of State. Educations Standards Directorate (ESD) was replaced by EYSG in October 2018. Director General responsibility for STA passed from Paul Kett to Andrew McCully in January 2019.

My objectives are agreed by the director general and aligned with:

- departmental objectives
- the agency's business plan
- requirements for compliance with 'Managing public money'.

I use them to set objectives for my deputy directors. All SCS objectives are agreed and monitored throughout the year.

Strategic performance review

Throughout the year, the Director General for ESD, and latterly EYSG, held 3 strategic performance reviews (SPR) to review and challenge STA's:

- progress
- financial management
- management of risks

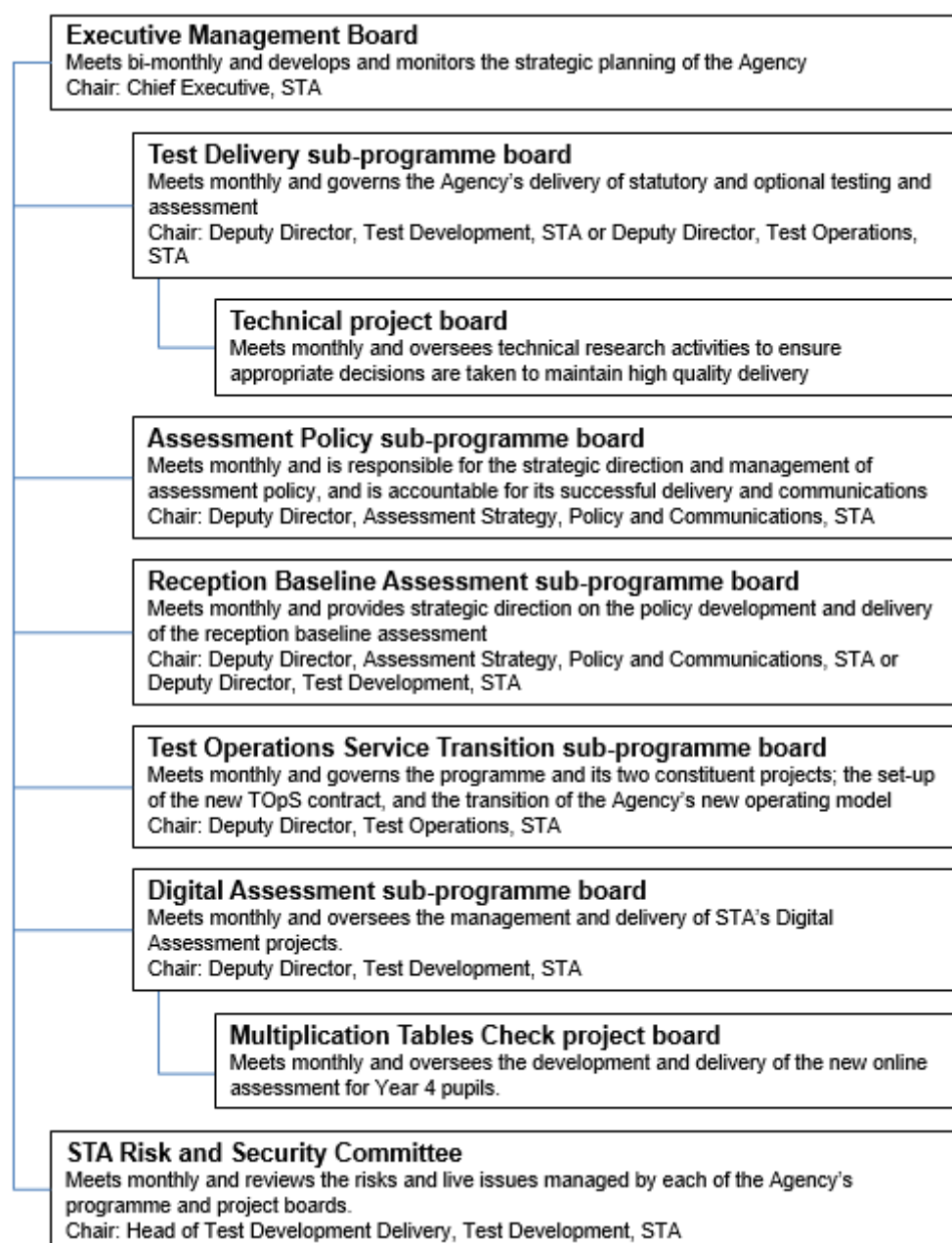
¹⁴ www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments

The 3 SPR meetings took place on 25 May 2018, 24 October 2018 and 23 January 2019. Attendees are shown in the table below:

Member	Position	Meetings eligible to attend	Meetings attended
Paul Kett	Director General, ESD (Chair) (from April 2018 to January 2019)	2	2
Andrew McCully	Director General, EYSG (Chair) (from January 2019 to present)	1	1
Claire Burton	Chief Executive	1	1
Una Bennett	Chief Executive	2	2

Governance at agency level

STA has an EMB and a number of programme and project boards. A governance chart is set out below:



Executive management board

The EMB provides the chief executive with the opportunity to hold the deputy directors and their programmes to account. The EMB is responsible for:

- developing and monitoring the strategic planning of the agency
- overseeing corporate performance
- overseeing the use of financial and human resources

- providing oversight of risk management
- maintaining a robust system of internal control, which includes adequate assurance that internal controls and risk management processes are working effectively
- ensuring the agency complies with all policies and corporate business planning

The EMB meets every second month and is chaired by me, as Chief Executive. STA's deputy directors make up the membership. DfE's finance and commercial business partnering teams provide wider departmental representation and advice, in an advisory capacity. Other members of staff attend to report on the following, as required:

- assessment policy
- test development
- delivery progress
- risk and issue management

The sub-programme boards and project boards provide the following to the EMB:

- visibility
- assurance of progress
- an assessment of confidence in delivery of the agency's workstreams

The EMB receives regular reports on the agency's operational performance. Before being submitted to EMB, all reports are subject to quality assurance processes by senior managers. These reports are subject to challenge at the meetings and are revised as required.

The agency's Risk and Security Committee (RaSC) review business as usual programme and project risks that exceed their pre-determined tolerance. If appropriate, they are escalated to the EMB for information or action. The EMB also reviews and manages all strategic risks.

On the whole, I am confident that the quality of the data used by EMB is robust. There have been some exceptions, where there have been issues with easily obtaining reliable data on workforce numbers at an agency level from DfE's systems. These issues were escalated and resolved quickly.

During the reporting period, I reviewed the membership of EMB and decided to extend it to the agency's grade 6s who attend in an advisory capacity only. This is to ensure that it provides an appropriate level of strategic, technical and operational delivery expertise. The agency requires EMB members to register any company and

organisation directorships or other significant interests. The agency maintains a register of interests of the financial, political and other relevant interests of EMB members. The table below shows EMB member attendance figures and the number of meetings they were eligible to attend for the year.

Member	Position	Meetings eligible to attend	Meetings attended
Claire Burton	Chief Executive (to 14 September 2018)	2	2
Una Bennett	Chief Executive (from 17 September 2018), Deputy Director, Test Operations (to 16 September)	6	6
Colin Watson	Deputy Director, Test Development	6	4
Marc Cavey	Deputy Director, Assessment Strategy, Policy and Communications	6	6
Kate Moore	Deputy Director, Test Operations (from 17 September 2018)	4	4
Sally-Ann Ali	Grade 6, Head of Test Development Research	5	3
Sara Cooper	Grade 6, Head of Test Delivery (Testing & Teacher Assessment)	6	4
Barbara Donahue	Grade 6, Head of Assessment Research and Psychometrics	6	6
Michelle Kent	Grade 6, Operational Delivery Manager	6	5

Member	Position	Meetings eligible to attend	Meetings attended
Jim Magee	Grade 6, Head of Assessment Policy	6	4
Mike Pears	Grade 6, Head of Operational Delivery (Workstream)	6	6
Emily Sadler	Grade 6 (interim), TOpS Set Up Project Lead	3	2
Sharon Smith	Grade 6, Head of Test Development Delivery	6	6
Lucinda Ward	Grade 6, Head of Communications and Test Administration	6	6

Test delivery sub-programme board

The test delivery sub-programme board is established to effectively govern the agency's:

- operational delivery of NCA statutory, optional and full tests
- pilot, pre-test, trial testing and assessment

The test delivery sub-programme board meets monthly, or more frequently if required, by exception. At this meeting, the board:

- makes significant decisions that have an impact on delivery against performance measures
- provides assurance on test delivery progress
- provides assurance on programme, project risk and issue management
- provides an assessment of confidence in delivery to the EMB

The board is authorised to take technical and operational test service delivery decisions and to advise on expenditure within the value of the respective SCS' delegated financial authority. Strategic decisions and approval of expenditure above this amount are escalated to the EMB. Delegation of any SCS' responsibilities to members of the sub-programme board does not dilute SCS' accountabilities.

Significant items discussed by the board included:

- the agreement of the 2021 NCA KS1 tests, KS2 tests, phonics screening check, science sampling test and multiplication tables check dates
- the agreement to bring the phonics screening check assessment materials distribution forward to before the 2019 May bank holiday
- the amendment of the independent school KS2 test monitoring arrangements

Assessment policy sub-programme board

The assessment policy sub-programme board is responsible for:

- the strategic direction, management and successful delivery of the assessment policy area
- supporting communications relating to assessment policy
- overseeing assessment policy changes
- discussion with other delivery and policy areas on the impact of potential policy changes

Significant items discussed by the board included:

- the review and implementation of the aspects of engagement model as part of the Rochford Review work
- comparative judgement
- primary assessment legislative changes for 2018/19

Reception baseline assessment sub-programme board

The RBA sub-programme board provides strategic direction on the policy development and delivery of the RBA. This includes the current supplier delivery and future development. The board is responsible for:

- reporting on progress of policy development
- reporting on risks and issues management
- escalating any risks and issues to the EMB

Significant items discussed by the board included:

- agreement of the proposed legislation timelines and laying dates for the RBA and early years foundation stage profile amendments

- strategic communications for the RBA pilot recruitment window, including stakeholder engagement, working with press office, production of communications products and handling plans for these products
- sign off of the RBA pilot plans

Test operations services transition sub-programme board

The test operations services (TOpS) transition sub-programme board is responsible for governing the programme and its 2 constituent projects:

- the set-up of the new test operations service
- the transition of the agency's operating model to reflect the new TOpS contract and associated changes to ways of working

The board:

- provides the decision-making forum for all significant decisions affecting the TOpS transition programme against agreed performance measures
- is the focus for assurance on delivery progress, risk and issues management, at programme and project level
- will escalate any significant issues or risks to STA's RaSC
- provides an assessment of confidence in delivery to the EMB

Significant items discussed by the board included:

- agreement of the agency's new operating model in relation to TOpS services
- agreement of the agency's people strategy—the process by which staff have been matched into roles in the new operating model
- agreement of the TOpS benefits realisation strategy
- regular robust reviews of Capita's progress through the set-up phase

Digital assessments sub-programme board

The digital assessments sub-programme board is responsible for the management and delivery of STA's digital assessment projects. These include:

- the RBA
- the MTC
- the digital assessment service platform

The board:

- reviews the identification, ownership, management and impact of project delivery risks and issues
- tests the controls and maintains robust risk and issue logs
- ensures that all project risks and issues are actively managed and communicated
- provides assurance to the senior responsible owner and the chief executive.

Significant items discussed by the board included:

- the agency's strategic business case for digital assessments
- digitally enabled assessments—service line discovery, alpha and beta project updates and future plans
- research on technology use and digital assessments in early years

Project boards

The technical project board provides a forum for technical decision making. Technical decisions are defined as those requiring a level of understanding of the techniques of assessment. For example:

- which statistical models should be used to analyse test data
- the format and structure of test papers
- oversight of assessment research projects

The MTC project board oversees the development and delivery of the new online assessment. This is a decision-making forum chaired by the senior responsible owner, or a delegated deputy, and reports into the digital assessment sub-programme board.

Department audit and risk

STA has received oversight from DfE's:

- Audit and Risk Committee (ARC)
- Performance and Risk Committee (PRC)
- Investment Committee

ARC's primary role is to scrutinise the department's ARA and the agency's ARA and key risk areas. They make recommendations to the Permanent Secretary (as Principal Accounting Officer) and the board on the department's and the agency's risk management.

PRC is responsible for regular oversight of the department's:

- top tier risks
- major programmes and projects
- higher risk core business
- financial management and investment

The department's ARA discloses the membership and attendance of:

- the ARC
- other committees of the department

The agency is scrutinised about its governance and control through:

- the strategic performance review
- EYSG leadership meetings
- bilateral meetings between the Director General and myself

ARC makes recommendations to the chief executive (as accounting officer) and the board on the agency's risk management and its ARA. The Head of the Chief Executive's Office attended the ARC meeting in July 2018. The ARA for 2017/18 and the audit completion report from the National Audit Office were reviewed.

Assurance

STA receives internal audit and assurance services from the Government Internal Audit Agency (GIAA). The GIAA provides independent assurance to the chief executive on the adequacy of the agency's framework of governance, risk management and control. It does this by measuring the agency's effectiveness in achieving its agreed objectives.

GIAA produced and delivered a full audit plan for DfE as a whole for 2018/19.

The TOpS programme has been included as part of the Government Major Projects Portfolio. This has also undergone regular assurance reviews by the Infrastructure and Projects Authority (in March, April and August 2019) and the agency has addressed and continues to take forward the recommendations from those reviews.

Internal audit

Where relevant, STA is included in cross-department:

- compliance audits

- themed audits
- audits based on the Single Operating Platform (SOP) system

This has included, for example:

- DfE payments testing
- key financial controls debt management
- contracts finder compliance

No agency-specific issues were highlighted as a result of the cross-department work.

There have been 3 agency-specific audits during the reporting period:

Audit	Outcome
STA change programme benefits realisation	GIAA provided advice to STA’s chief executive on the arrangements in place to ensure that the benefits of the 2017 change programme were identified, monitored and realised effectively.
STA TOpS readiness	<p>GIAA identified areas of good practice, including an effective governance structure with agreed escalation routes. Areas for further development included:</p> <ul style="list-style-type: none"> • clearer programme documentation • risk management • greater focus required on the benefit management strategy <p>A limited assurance opinion was given</p>
STA test development expert review	<p>GIAA gave a moderate assurance opinion. This reflected the fact that overall controls mitigate the key risks. Areas for improvement included:</p> <ul style="list-style-type: none"> • clearer processes for the monitoring of supply, representation and expertise across the panels • a more systematic focus on panel performance

The EMB monitors all agreed actions arising from audit reports. The TOpS sub-programme board monitors actions arising from the audit of TOpS. Progress in implementing these actions is reported regularly to the SPR and the agency’s RaSC.

At the time of writing, all actions had either been delivered or were on track to be delivered. This is in line with the relevant action plan, or revised target date where appropriate. The Group Chief Internal Auditor has provided moderate assurance to

the accounting officers for the department and its agencies, including STA. This reflects her opinion that some improvements are required to enhance the adequacy of the department's framework of governance, risk management and control.

Risk management

STA has an established risk management framework. The agency's Test Delivery Programme Management team maintain and oversee this framework, which is based upon:

- DfE's strategic risk framework
- HM Treasury's 'Orange Book Management of Risk - Principles and Concepts'
- 'UK Government Management of Risk: Guidance for Practitioners' risk management standards

In line with the high reputational risk from failure of the NCA testing agenda, the agency's appetite for risk is low (risk averse).

STA Risk and Security Committee

The role of STA's RaSC is to:

- review the risks and live issues managed by the agency's programme and project boards
- review the agency's management of the department's key risk on primary assessment
- oversee the agency's security arrangements

The RaSC meets monthly. Its objectives are:

- to improve identification, ownership, controls, active management and impact of risks
- to reduce the number of unexpected issues and near misses
- to improve the handling of unexpected issues and near misses
- to ensure the agency's risks and issues are managed in line with the departmental strategic risk management framework

In order to manage risks at the right level, operational and strategic risks are escalated to the RaSC. Where their profile exceeds the agency's risk tolerances, they are escalated to the EMB to manage. The SPR monitors the EMB's risk profile.

Risk management information is regularly shared with the Director General at monthly bilateral meetings. Risks that may need action are escalated to the RaSC through the EMB as necessary.

There have been no lapses in risk management over the course of the last year.

Shared services

DfE and its agencies have an outsourced shared service arrangement for provision:

- of certain areas of its internal finance
- human resources
- procurement transactional processes

This arrangement has been in place since 2013.

Business continuity

STA is responsible for managing its own business continuity plans, in line with DfE's wider arrangements.

We continue to keep the business continuity plan (BCP) under review as the agency's remit changes. We will continue to undertake cross-site and business area-specific testing every 6 months, with focus on a different site and business area.

Alongside the agency's BCP, we continue to:

- review live NCA risk contingencies
- trial delivery operations risk contingencies
- review BCPs for specific business areas (including those for the general qualifications logistics service and the professional skills tests), with changes feeding back into the main BCP

The BCP was updated for the Coventry site following the move from Earlsdon Park to Cheylesmore House.

Programme and project management

STA has established programme and project management (PPM) practices, based upon the UK government's [best management practice](#)¹⁵ programmes, Agile and

¹⁵ www.gov.uk/government/publications/best-management-practice-portfolio/about-the-office-of-government-commerce

Projects IN Controlled Environments (PRINCE2). These methodologies comprise recognised principles for managing programmes and projects.

Key documentation in place for each agency-led programme and project includes:

- programme blue print
- business case and programme brief
- project business case and initiation document
- project product descriptions
- programme and project delivery plans
- risk registers
- issues logs
- action and decision logs

These are reviewed and agreed by the relevant sub-programme and project boards.

The agency's digital developments use the Government Digital Service (GDS) service standards and are subject to GDS assessments. Digital developments use agile methodologies, including:

- product backlogs
- 2 weekly sprints
- show and tell sessions

The agency's PPM framework includes the enterprise PPM tool PRIME. This has been adapted from a commercially available project information management tool for use within the agency. PRIME is a widely used PPM management tool. It meets the ISO standard for project management. This system, together with a range of PPM and risk management guidance, helps to ensure consistent assessment and reporting of programme and project progress. It also helps to ensure we actively manage risk throughout the agency.

As a result of these measures, we have assurance that we have achieved our objectives.

Financial management

I am confident that we have clear lines of accountability in place for all programme and administrative expenditure, with support from finance business partners. We have put in place a number of systems to ensure adherence to departmental:

- processes

- controls
- risk management
- fraud prevention

This ensures that we achieve propriety, regularity and value for money. Management have regular meetings with finance business partners to:

- identify risks early
- flag concerns
- receive high-level monthly budget reports

Delivery arrangements and achievements against business plan

[STA's business plan](#)¹⁶ sets out:

- performance indicators
- programme delivery milestones
- objectives

The agency's achievement against the business plan is monitored through the EMB and assured by the SPR process. All of our performance indicators:

- relate to services delivered by third-party suppliers on our behalf
- are supported by measurable outcomes set out in supplier contracts
- are monitored regularly through management information

We closely manage our third-party partners, including the DfE's shared services. This is to ensure that they deliver the outcomes specified in their contracts with the agency.

All third-party suppliers have a designated contract manager within the agency, as well as a deputy director for oversight. Contract managers are responsible for ensuring that third-party suppliers meet the requirements set out in their contract. These typically include timeliness and quality indicators.

For high-risk or large contracts, suppliers will typically be required to attend regular contract meetings, where the agency will monitor and provide challenge. These meetings take place at least once a month and may be called by either party by exception.

¹⁶ www.gov.uk/government/publications/standards-and-testing-agency-business-plan-2019-to-2024

Service delivery arrangements with third-party partners are reviewed regularly in line with the commitments in the agency's business plan. Last year, we held lessons to be learned exercises with each of our major delivery partners, following the completion of the annual test cycle. Results of these exercises were agreed between the agency and its partners and recorded in a 'lessons learned log'. Progress in implementing these lessons to be learned is monitored at the test delivery sub-programme board, and by the Test Delivery programme management team.

The performance and risk reports are scrutinised regularly by the EMB. I am satisfied that the agency is performing well to deliver these plans.

Information risk management

STA has arrangements in place to ensure that it complies with government and Cabinet Office policies on risks to information and information systems. DfE's Chief Data Officer is the designated Senior Information Risk Owner with overall responsibility for the management of information security in the department's executive agencies.

The agency has a variety of information assets, which are essential to its operation and the delivery of its strategic objectives. Delegated Information Asset Owners (IAOs) in the agency have responsibility for protecting the information assets that are assigned to them. The agency maintains an information asset register with assigned IAOs. This details the level of all individual information assets. IAOs are prompted to update the asset register and declare the status of their assets on a regular basis.

The agency's deputy directors and the chief executive review their assurance framework records regularly. This is to ensure that all IAOs have complied with their responsibilities. The agency's deputy directors are required to provide assurance to the chief executive that delegated IAOs have performed their functions in their annual responsibilities assurance declaration. This is in line with departmental procedures.

All staff, except for those on long-term absence, have completed the 'Responsible for information' level one training package delivered by Civil Service Learning. The agency's IAOs have also, as required, completed the 'Responsible for information' level 2 CSL training package.

During the year, STA has worked with the department to ensure its processes are compliant with the General Data Protection Regulation, including:

- issuing updated privacy notices
- reviewing information assets
- changing supplier contracts to reflect new obligations

STA recognises that a key risk to the security of its information assets is the lack of understanding of information security within the agency and third parties who may access our data for their work. Another risk in this area is the potential loss or corruption of its information assets by suppliers and delivery partners. Therefore, agency contract managers are responsible for ensuring that those suppliers are fully compliant with current DfE and wider government information assurance and security policies.

Working with the Departmental Security Unit's information assurance and security specialist, STA's systems and security leads have put in place revised information assurance guidance and training for the agency's:

- contract managers
- programme managers
- project managers
- business as usual managers

The agency constantly monitors supplier performance against the contract, including unannounced site inspections. Suppliers are typically required to return or securely destroy data at the end of each test cycle.

This year, we have continued to maintain information and systems security documentation. We have taken particular care to ensure that our test delivery partners are compliant. We achieved this by applying the departmental information security assurance model arrangements. Where we have limited assurance of our delivery partners' compliance, we record this in the risk register.

We secured authority to operate approval via the departmental information security assurance model. This is for the 2019 test cycle services delivered via the NCA KS2 external marking service contract.

We report all security incidents leading to breaches of information to the EMB, along with the action taken and how the incident has been closed. Any significant losses would be reported to the Information Commissioner's Office.

I am satisfied that all of the agency's procurement and current contracts, where suppliers are responsible for handling agency information or data, are compliant with the Cabinet Office [security policy framework](#)¹⁷.

¹⁷ www.gov.uk/government/publications/security-policy-framework

Overall assessment

As accounting officer, I am broadly satisfied with STA's internal control, risk management and governance arrangements. The agency continues to address any areas of weakness in these areas. This includes any issues highlighted through assurance reviews by GIAA and the Infrastructure and Projects Authority.

The agency continues to deliver successfully across a broad range of areas. Governance arrangements have supported the effective delivery of our significant and high-risk programmes of work. The change in supplier arrangements remains, however, a significant risk for the 2020 test cycle.

I am encouraged by the way the agency has responded to the challenge of continuing to deliver successfully under current supplier arrangements while preparing for the operational change for the 2020 test cycle. It is also pleasing to see continued recognition by Ofqual of the agency's robust assessment process.

Remuneration and staff report

Remuneration part A: unaudited

Accounting Officer and executive management board members' remuneration policy

The accounting officer and the Deputy Director EMB members are SCS. Their pay is decided by the SCS Pay Committee. This is chaired by the Permanent Secretary, and comprises members of the Department's Management Committee and a non-executive director.

The SCS Pay Committee makes decisions within the limits and delegated authorities set by the government in response to the annual report of the [Senior Salaries Review Body](#)¹⁸.

As staff employed by an executive agency of the department, the EMB's performance management and contractual terms are as described in the department's ARA. The department manages performance and non-consolidated performance awards for SCS members within the [framework set by the Cabinet Office](#)¹⁹. The contractual terms of EMB members also comply with requirements set centrally by the Cabinet Office.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation, as set out in the Civil Service Compensation Scheme.

Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The recruitment principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Further information about the work of the Civil Service Commission can be found at the [Civil Service Commission website](#)²⁰.

¹⁸ www.gov.uk/government/organisations/review-body-on-senior-salaries

¹⁹ www.gov.uk/government/collections/senior-civil-service-performance-management-and-reward

²⁰ <https://civilservicecommission.independent.gov.uk/>

Remuneration part B: audited

Remuneration (including salary) and pension entitlements

	Salary		Bonus Payments		Benefits-in-Kind		Pension benefits		Total	
	2018-19 £000	2017-18 £000	2018-19 £000	2017-18 £000	2018-19 £	2017-18 £	2018-19 £000	2017-18 £000	2018-19 £000	2017-18 £000
Chief Executive										
Claire Burton ¹	80-85 (90-95)	80-85 (85-90)	10-15	-	1,128	1,128	19	24	115-120 (120-125)	105-110 (110-115)
Una Bennett ²	85-90	80-85	5-10	-	-	-	34	32	120-125	110-115
Deputy Director										
Colin Watson	85-90	50-55 (80-85)	-	-	-	-	42	18	125-130	70-75 (95-100)
Marc Cavey	70-75	70-75	-	-	-	-	20	31	90-95	100-105
Kate Moore ³	35-40 (60-65)	-	0-5	-	-	-	10	-	40-45 (70-75)	-

In the table above the full year equivalent is shown in brackets

1 Claire Burton went on maternity leave on 16th September 2018. The values in the table above include occupational maternity pay up to the end of March 2019.

2 Una Bennett appointed as CEO effective 17 September 2018

3 Kate Moore became interim Deputy Director on 17th September 2018

Salary

'Salary' includes:

- gross salary
- overtime
- reserved rights to London weighting or London allowances
- recruitment and retention allowances
- private office allowances
- any other allowance to the extent that it is subject to UK taxation

This report is based on accrued payments made by the agency and thus recorded in this ARA.

Benefits-in-kind

The monetary value of benefits-in-kind covers any benefits provided by the agency and treated by HM Revenue and Customs as taxable emolument.

During the year one board member received a benefit-in-kind which related to childcare vouchers (2017-18: one).

Bonuses

The department awards bonuses as part of the performance management process. The agency sees effective performance management as important to:

- improving individual and organisational performance
- providing greater value for money to deliver high-quality public services

STA follows the arrangements for the SCS as set out in the [performance management arrangements for the Senior Civil Service](#)²¹, and the department's performance management framework for managing and rewarding performance throughout the year.

Pay multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

²¹ www.gov.uk/government/publications/senior-civil-service-performance-management

	2018-19	2017-18	2016-17
Band of highest paid director's remuneration (£000)	100-105	85-90	85-90
Median (£000)	37	37	35
Range (£000)	23-105	23-90	23-87
Remuneration Ratio	2.8	2.3	2.5

The banded remuneration of the highest-paid director in the agency in the financial year 2018-19 was £100,000-105,000 (2017-18: £85,000-90,000). This was 2.8 times (2017-18: 2.3) the median remuneration of the workforce, which was £37,000 (2017-18: £37,000).

In 2018-19, no employees (2017-18: nil) received remuneration in excess of the highest-paid director. Remuneration ranged from £23,000-105,000 (2017-18: £23,000-£90,000). Total remuneration includes:

- salary
- non-consolidated performance-related pay
- benefits-in-kind

It does not include:

- severance payments
- employer pension contributions
- the cash equivalent transfer value of pensions

Pension benefits

Civil service pensions

As an executive agency of the department, the agency's staff are members of the Principal Civil Service Pension Scheme that provides pension benefits. The department's ARA provide information on these arrangements, so we do not reproduce them here. Readers can find details on the scheme at the [Civil Service Pensions website](#)²².

²² www.civilservicepensionscheme.org.uk/

Officials

	Accrued pension and related lump sum at pension age as at 31 March 2019 £000	Real increase in pension and related lump sum at pension age £000	CETV at 31 March 2019 £000	CETV at 31 March 2018 £000	Real increase in CETV £000	Employer contribution to partnership pension account Nearest £100
Claire Burton	20 - 25 plus a lump sum of 45 - 50	0 - 2.5 plus a lump sum of 0 - 2.5	282	268	7	0
Una Bennett	20 - 25	0 - 2.5	310	254	20	0
Colin Watson	20-25	0-2.5	257	198	20	0
Marc Cavey	20 - 25 plus a lump sum of 50 - 55	0 - 2.5 plus a lump sum of 0	374	316	6	0
Kate Moore	20 - 25 plus a lump sum of 5 - 10	0 - 2.5 plus a lump sum of 0	304	263	4	0

Principal Civil Service Pension Scheme (PCSPS)

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced, the Civil Servants and Others Pension Scheme or alpha. This provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date, all newly appointed civil servants and the majority of those already in service joined alpha.

Prior to that date, civil servants participated in the PCSPS. The PCSPS has 4 sections:

- 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60
- one providing benefits on a whole career basis (nuvos) with a normal pension age of 65

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who

were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha between 1 June 2015 and 1 February 2022.

All members who switch to alpha have their PCSPS benefits 'banked'. Those with earlier benefits in one of the final salary sections of the PCSPS will have those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha, the figure quoted is the combined value of their benefits in the 2 schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of:

- classic
- premium
- classic plus
- nuvos
- alpha

Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to 3 years initial pension is payable on retirement.

For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum.

Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium.

In nuvos, a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation.

Benefits in alpha build up in a similar way to nuvos, except that the accrual rate in 2.32%.

In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

Partnership pension

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75%, depending on the age of the member, into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover, death in service and ill health retirement.

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. The pension figures quoted for officials show pension earned in PCSPS or alpha, as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the 2 schemes, but note that part of that pension may be payable from different ages.

Further details about the Civil Service pension arrangements can be found at the civil service pensions' website.

Cash equivalent transfer values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time.

The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the PCSPS. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008. They do not take account of any actual or potential reduction to benefits resulting from lifetime allowance tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation and contributions paid by the employee, including the value of any benefits transferred from another pension scheme or arrangement. It uses common market valuation factors for the start and end of the period

Compensation for loss of office

The agency had paid no compensation for loss of office in 2018-19 (2017-18: nil).

Staff report part A: audited

Staff costs

The staff costs for the agency were £7 million (2017-18: £7 million). The average number of full-time equivalent staff employed during the year was 148 (2017-18: 122).

			2018-19	2017-18
	Permanently employed staff £000	Others £000	Total £000	Total £000
Wages and Salaries	5,115	229	5,344	5,475
Social security costs	566	-	566	521
Pension costs	1,087	-	1,087	980
	6,768	229	6,997	6,976
Less recoveries in respect of outward secondments	-	-	-	-
	6,768	229	6,997	6,976

The STA pays a flat fee for agency staff, which includes social security, holiday pay, pension costs etc. This note discloses the total sum as wages and salaries.

Average number of persons employed

The average number of the whole time equivalent persons employed during the year is as follows:

			2018-19	2017-18
	Permanently employed staff Number	Others Number	Total Number	Total Number
Directly employed	131	-	131	116
Other	-	17	17	6
	131	17	148	122

Civil service pensions

For 2018-19, employers' contributions of £1,087,324 were payable to the PCSPS and CSOPS (2017-18: £979,429). This was at one of 4 rates in the range 20.0% to 24.5% of pensionable earnings, based on salary bands. The scheme actuary reviews employer contributions usually every 4 years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing

during 2018-19 to be paid when the member retires and not the benefits paid during this period to existing pensioners

No individuals retired early on ill health grounds (2017-18: nil). The total additional accrued pension liabilities in the year amounted to £nil (2017-18: £nil).

Partnership pension accounts

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. In 2018-19, no employees had a partnership pension and therefore, there were no employers' contributions (2017-18: £nil).

Employer contributions are age-related and range from 3% to 12.5% of pensionable earnings up to 30 September 2015 and from 8% to 14.75% of pensionable earning from 1 October 2015. Employers also match employee contributions up to 3% of pensionable earnings. There were no employer contributions (2017-18: £nil), 0.8% of pensionable pay up to 30 September 2015 and 0.5% of pensionable pay from 1 October 2015. This was payable to the PCSPS and CSOPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

There were no contributions due to the partnership pension providers at the balance sheet date (2017-18: £nil). Contributions prepaid at that date were nil.

Reporting of Civil Service and other compensation schemes

The agency had no compulsory redundancies or other agreed departures in 2018-19 (2017-18: nil).

Staff report part B: unaudited

Analysis of staff policies and statistics

Staff by grade and gender

The headcount for permanent staff as at 31 March 2019 is as follows:

Grade	Male	Female	Total
Director	0	2	2
Deputy Director	2	1	3
Grade 6	2	7	9
Grade 7	9	15	24
Senior executive officer	7	26	33
Higher executive officer	15	28	43
Executive officer	12	14	26
	47	93	140

Recruitment practice

The agency has a duty to ensure it is fully compliant with the Civil Service Commissioners' recruitment principles. The agency's approach to recruitment reflects its commitment to equal and fair opportunity for all. All recruitment processes comply with the Equality Act 2010.

Sickness absence

	2018-19	2017-18	2016-17
Total days lost	491.7	359.6	544.9
Sickness absence days per FTE	3.8	3.1	4.9

The figures disclosed above compare well with figures across the Civil Service, which currently average 3.8 working days lost per [FTEs](#)²³.

Commitment to improving diversity

The agency adopts the department's diversity and inclusion strategy, launched in January 2018. It sets out action the department will take in 5 areas:

- leadership
- recruitment and attraction
- talent and progression

²³ www.gov.uk/government/publications/civil-service-sickness-absence

- collection, sharing and use of data
- inclusive culture and behaviours

The strategy is underpinned by 4 key principles:

- everyone has a role to play in creating an inclusive culture and making the department a truly great place to work
- we are all able to 'be ourselves' at work to be different from each other in many ways and feel supported, empowered, valued, respected and fairly treated
- all of us are able to build successful careers and achieve our potential
- we put openness, honesty, challenge and innovation at the core of what we do

The agency makes use of the department's active diversity networks, including a Black, Asian and minority ethnic (BAME) network, a LGBT+ network, a disability group and a neurodivergence network. The agency also takes advantage of the mental health first aiders providing first line support.

Unconscious bias training is mandatory for all staff. Other diversity and inclusion training includes leading inclusive teams workshops and disability confident line manager focus groups.

Addressing under-representation

The department's diversity and inclusion strategy includes specific targets which have been agreed by Cabinet Office. The agency is working to support representation of BAME and disabled staff at all levels.

Staff policies for disabled persons

The department gained Disability Confident Leader Level 3 status in 2017, which extends to the agency. This means that it is seen as a champion for disability confidence, with a role in supporting other employers to become disability confident.

The agency operates a policy which allows disabled staff to take disability leave rather than sickness absence when they need to attend appointments or have treatment related to their disability. In its recruitment policies, it guarantees an interview to any disabled candidate who demonstrates that they meet the minimum standard required for the role.

People management

Our people strategy aims to ensure that we attract, retain, build the capability of and motivate our people to enable them to deliver outstanding performance. In order to achieve this, we have:

- continued to offer of 5 days learning and development a year for all staff;
- introduced talent management programmes, including a staff development programme for all staff;
- set corporate objectives for all staff for each reporting year;
- required staff to produce challenging work objectives for the year;
- along with the rest of DfE, introduced a monthly performance management system for all staff with in-year awards determined throughout the performance year.

Expenditure on consultancy

We employ contractors who are professionally qualified and employed on short-term contracts.

It is the responsibility of the hiring managers to ensure that all contractors comply with their tax obligations.

The framework contracts for contingent workers that the agency has placed, or draws upon as part of the department, include provision for workers supplied by these companies to meet their obligations. The cost of contingent labour in 2017-18 was £210,206 (2017-18: £49,374). This increase is due to specific work undertaken to ensure projects complete quickly and efficiently.

Health and safety at work

The agency is committed to ensuring the health, safety and wellbeing of staff, contractors and all others who could be affected by its activities. It fully accepts its responsibilities under the Health and Safety at Work Act 1974.

We recognise that effective management of health and safety makes a significant contribution to our overall business performance and strategic aims, as well as a positive impact on the wellbeing of staff. The agency acknowledges that positive, proportionate health and safety risk management prevents harm and enables efficient delivery of services across the agency.

Review of tax arrangements of public sector appointees

Off-payroll engagements as of 31 March 2019, greater than £245 per day and that last longer than six months

As part of the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, departments were directed to publish information pertaining to the number of off-payroll engagements, at a cost of over £58,200 per annum, that were in place on, or after, 31 January 2012 and any off-payroll engagements of board members, and/or senior officials with significant financial responsibility between 1 March 2018 and 31 March 2019. The tables below set out this information.

	Number
Number of existing arrangements as of 31 March 2018	28
Of which the number that have existed for:	
less than one year at time of reporting,	7
between one and two years at time of reporting,	15
between two and three years at time of reporting,	6
between three and four years at time of reporting,	-
four or more years at the time of reporting.	-
	28

All existing off-payroll engagements, outlined above, have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax, and where necessary, that assurance has been sought.

New off-payroll engagements, or those that reached 6 months in duration, between 1 April 2018 and 31 March 2019, for more than £245 per day and which last for longer than six months

	Number
No. of new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019	1
Of which:	
No. assessed as caught by IR35	1
No. assessed as not caught by IR35	-
Of which:	
No. engaged directly (via PSC contracted to department) and are on the departmental payroll	-
No. of engagements reassessed for consistency / assurance purposes during the year	-
No. of engagements that saw a change to IR35 status following the consistency review	1
	1

Off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2018 and 31 March 2019

	Number
No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	-
No. of individuals that have been deemed board members, and/or, senior officials with significant financial responsibility, during the financial year. This figure should include both off-payroll and on-payroll engagements	4

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 requires relevant public sector organisations to report on trade union facility time in their organisations. The departmental ARA reports on this information for both the department and executive agencies.

Staff relations and communications

The agency adheres to all departmental HR policies and receives regular weekly corporate communications. Good use is being made of staff survey results to focus on specific areas and instant rewards have been used to respond positively to team and individual effort.

At agency level, regular corporate communications help to build commitment to corporate goals. This includes:

- a fortnightly all-staff email
- monthly briefings led by deputy directors on progress against objectives and potential issues and challenges (including external factors)
- monthly Programme Boards which are accessible from all the department’s sites to allow agency staff to attend and observe
- divisional sessions which are held throughout the year—these focus on aspects specific to their areas of work
- regular teleconferences held by the agency’s SCS to share information and discuss progress on delivery

Parliamentary accountability and audit report

Overview

This report includes details of the agency’s losses and special payments.

Parliamentary accountability disclosures: audited

A1 Losses statement

	2018-19	2017-18
Number of cases	4	2
Value	£000	£000
Fruitless payments	1	6
	1	6

A2 Special payments

Legal Settlement

During the year the agency settled a dispute with a third party. The value of the settlement was £3 million.

Una Bennett
Accounting Officer

2 October 2019

The Certificate of the Comptroller & Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of the Standards and Testing Agency for the year ended 31 March 2019 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Standards and Testing Agency's affairs as at 31 March 2019 and of the net operating expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Standards and Testing Agency in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Standards and

Testing Agency's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Standards and Testing Agency's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Other Information

The Chief Executive as Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- in the light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report and Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and have been prepared in accordance with the applicable legal requirements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

11 October 2019

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Financial Statements

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2019

		2018-19	2017-18
	Note	£000	£000
Operating income	2	(26)	(24)
Total operating income		(26)	(24)
Staff costs	3	6,997	6,976
Grant expenditure	4	3,005	2,966
Operating expenditure	5	55,052	44,291
Total operating expenditure		65,054	54,233
Net operating expenditure		65,028	54,209
Comprehensive net expenditure for the year		65,028	54,209

All operations are continuing. The notes on pages 70 to 81 form part of these accounts.

Statement of Financial Position

As at 31 March 2019

		2019	2018
	Note	£000	£000
Non-current assets			
Intangible assets	6	3,999	2,018
Total non-current assets		3,999	2,018
Current assets			
Receivables	7	88	304
Total current assets		88	304
Total assets		4,087	2,322
Current liabilities			
Payables	8	(10,650)	(11,569)
Total current liabilities		(10,650)	(11,569)
Total assets less current liabilities		(6,563)	(9,247)
Total assets less total liabilities		(6,563)	(9,247)
Taxpayers' equity and other reserves:			
General fund		(6,563)	(9,247)
Total taxpayers' equity		(6,563)	(9,247)

The notes on pages 70 to 81 form part of these accounts.

Una Bennett
 Accounting Officer

2 October 2019

Statement of Cash Flows

For the year ended 31 March 2019

		2018-19	2017-18
	Note	£000	£000
Cash flows from operating activities			
Net operating cost	2	(65,028)	(54,209)
Adjustments for non-cash transactions	5	3,542	4,435
Decrease/(Increase) in receivables	7	216	(281)
(Decrease) in payables	8	(919)	(739)
Net cash outflow from operating activities		(62,189)	(50,794)
Cash flows from investing activities			
Purchase of intangible assets	6	(1,981)	(2,018)
Net cash outflow from investing activities		(1,981)	(2,018)
Cash flows from financing activities			
Draw down of supply from sponsor department		64,170	52,812
Net cash inflow from financing activities		64,170	52,812
Net (decrease)/ increase in cash and cash equivalents in the period		-	-
Cash and cash equivalents at beginning of year		-	-
Cash and cash equivalents at end of year		-	-

Cash payments and receipts are processed on behalf of the agency by the department. The agency therefore does not operate its own bank account and has no cash or cash equivalents.

The notes on pages 70 to 81 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2019

	Note	General Fund £000
Balance as at 1 April 2017		(12,285)
Net Parliamentary Funding—drawn down		52,812
Comprehensive expenditure for the year	2.2	(54,209)
Non-cash adjustments		
Auditor's remuneration	5	37
Notional shared service recharges	5	4,398
Balance at 31 March 2018		(9,247)
Net Parliamentary Funding —drawn down		64,170
Comprehensive expenditure for the year	2.1	(65,028)
Non-cash adjustments		
Auditor's remuneration	5	35
Notional shared service recharges	5	3,507
Balance at 31 March 2019		(6,563)

The notes on pages 70 to 81 form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

These accounts have been prepared in accordance with the 2018-19 government FReM issued by HM Treasury. This is set out in a statutory Accounts Direction issued pursuant to section 5(2) of the Government Resources and Accounts Act 2000 (Estimates and Accounts) (Amendment) Order 2015.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRSs) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the agency for the purpose of giving a true and fair view has been selected.

The particular policies adopted by the agency for 2018-19 are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Going concern

The Department Estimate and forward plans include provision for the agency's continuation. It is therefore appropriate to prepare the agency's accounts as a going concern.

Whilst the agency is in a negative equity position at the year end, this is due to being funded with no bank accounts, which leads to greater payables than assets. Supply funding has been provided to the agency after the year end to continue its operations.

1.2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of these accounts requires management to make judgements, estimates and assumptions that affect the application of policies and reported values of assets and liabilities, income and expenditure. These are based on historic and other factors that are believed to be reasonable. The results of these form the basis for making judgements. The estimates and underlying assumptions are reviewed on an on-going basis.

1.2.1 Intangible assets

The recognition of internally developed intangible assets involves 2 critical judgements by management. The first judgement is over the projected feasibility of the intangible asset once it has been completed. Internally created intangible assets

can only be recognised when management are satisfied that the organisation has the technical and operational ability to complete the development of the asset; which will result in a useable or saleable product.

The second critical judgement is the identification of internal costs that are required to be included in the assets carrying value. Internal costs are only included if they are direct costs wholly incurred in developing the future intangible asset once the development project has moved into the development phase.

1.3 Adoption of FReM amendments

There have been amendments to the FReM in respect of IFRS 9 and IFRS 15. However, these changes have no significant impact on the agency.

1.4 Early adoption

The agency has not early adopted any accounting standards in 2018-19.

1.5 IFRSs in issue but not yet effective

In order to comply with the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, STA must disclose where it has not applied a new IFRS that has been issued but is not yet effective. STA has carried out a review of the IFRSs in issue but not yet effective, to assess their impact on its accounting policies and treatment. The full impact of the IFRSs in issue but not yet effective is not known and could be material to the accounts. The agency has therefore chosen not to early adopt requirements of the following accounting standards and interpretations, which have an effective date after the start of these accounts:

Standard	Effective	FReM Application	Change & Impact
IFRS 16 Leases	Annual periods beginning on or after 1 January 2020	2020-21 (Subject to EU adoption and consultation)	<p>Change:</p> <p>The proposed changes simplify the classification and measurement of leases by introducing a single lessee accounting model, removing the distinction between recognising an operating lease (off-balance sheet financing) and a finance lease (on-balance sheet financing). The new standard requires recognition of all leases which last over 12 months to be recognised as a finance lease (on-balance sheet). This will result in the recognition of a right-to-use asset, measured at the present value of future lease payments, with a matching liability. The pattern of recognition of the expenditure will result in depreciation of the right-to-use asset and an associated finance cost being recognised.</p> <p>Impact on STA:</p> <p>The main effect of the adoption of IFRS 16 will</p>

Standard	Effective	FReM Application	Change & Impact
			<p>be for lessees; however the STA does not anticipate that this change will have a material impact as we have no leases.</p> <p>The effect on lessor accounting for the new standard is limited in scale; and remains largely unchanged. In addition, the STA does not have significant lessor activities.</p>

1.6 Segmental reporting

In accordance with IFRS 8: Operating Segments (IFRS 8), the agency has considered the need to analyse its income and expenditure relating to operating segments. The agency has assessed that all lines of operation fall within the same geographical location and regulatory environment as envisaged by IFRS 8. Since segmental information for total assets and liabilities is not regularly reported to the chief operating decision-maker and in compliance with the FReM, it has not been produced in the accounts.

See note 2 for operational disclosures.

1.7 Income

The agency receives the following income streams and accounts for it as follows:

1.7.1 Operating income

Operating income is income which relates directly to the operating activities of the agency. We receive a small fee from Jersey Education to permit the Island to participate in the KS2 NCA Test Cycle, this encompasses KS2 tests in English reading, English grammar, punctuation and spelling (GPS) and Mathematics. STA provides delivery and collection of materials, script marking, return of results and general guidance to Jersey Education.

1.7.2 Draw down of supply from the sponsoring department

The agency has recorded all draw down of supply by the department as financing. The agency regards draw down of supply as contributions from the agency's controlling party giving rise to a financial interest. The agency records draw down of supply as financing in the Statement of Cash Flows and draw down of supply to the general reserve.

1.8 Grants payable

All grants made by the agency are recorded as expenditure in the period in which the claim is paid, as the grant funding is not directly related to activity in a specific period.

1.9 Grant recoveries

Grants paid to end users that are unspent at the year end may be retained to fund future activity. The agency does not recognise a prepayment if the end user has not spent the grant due to timing or delays.

Some grants will result in recognition of a receivable at the year end if there has been over-funding or unspent amounts, either:

- where the agency pays end users according to a grant payment profile established before the final grant obligation is known, and the actual spend shows over-funding
- unspent amounts will arise where time bound grants have been provided and not spent within the stipulated timescale.

The accounts will only recognise a receivable when either of the above instances crosses the year end. The agency did not recover any grant funding in 2018-19.

1.10 Pensions

The agency has adopted IAS 19 Employee Benefits (IAS 19) to account for its pension schemes.

The agency contributes to defined contribution and unfunded defined benefit pension schemes, for which there are no underlying assets and liabilities. The agency recognises contributions payable in the Statement of Comprehensive Net Expenditure.

1.11 Financial instruments

The agency has adopted IFRS 9 Financial Instruments (IFRS 9) from the 1 April 2018, through the cumulative catch-up approach mandated by FReM. Accordingly, there has been no restatement of comparative balances which remain the same as presented last year. The agency's 2018-19 ARA describes the accounting policies applicable to the comparative financial instrument balances included in this ARA.

1.11.1 Financial assets

Financial assets include trade and other receivables. The agency determines the classification of its financial assets at initial recognition. Financial assets are recognised initially at fair value, normally being the transaction price plus, in the case of financial assets not at Fair Value through Profit and Loss (FVTPL), directly attributable costs. The agency does not hold derivative financial instruments.

The agency classifies financial assets where appropriate as trade and other receivables.

Trade and other receivables have fixed or determinable payments that are not quoted on an active market. Trade and other receivables do not carry any interest and the agency recognises them initially at their face value then subsequently measured at amortised cost using the effective interest method. The agency recognises appropriate allowances (provisions or write-offs) for estimated irrecoverable sums (bad debts) in the Statement of Comprehensive Net Expenditure when there is objective evidence that the asset is impaired. The agency measures the allowance recognised as the difference between the assets' carrying value and the estimated future recoverable value.

1.11.2 Financial liabilities

The agency classifies financial liabilities as trade and other payables and accruals.

Trade and other payables

Trade and other payables, including accruals, are generally not interest bearing and the agency states them at their face value on initial recognition. Subsequently, the agency values them at amortised cost using the effective interest method.

1.12 Intangible assets

Assets are capitalised as intangible assets where expenditure of £2,500 or more is incurred. Intangible assets are initially valued at cost, then carried at fair value. Where there is no active market, we use depreciated replacement cost as a proxy fair value. Assets are amortised over their estimated useful economic lives. Assets under construction are not amortised but are assessed for impairment annually.

The asset life for developed software is 3-5 years.

1.13 Value added tax

Most of the activities of the agency are outside the scope of VAT. In general, output tax does not apply. Where it does, input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of property and equipment and intangible assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

1.14 Corporation tax

The agency is exempt from corporation tax.

1.15 Shared services

The departmental group provides a number of corporate functions as a shared service reflecting the department's operating model as follows:

- human resources
- estates and facilities management

- communications
- legal services
- information, communication and technology services
- corporate finance and procurement

The accounts include a notional recharge from the department to the agency to reflect the costs of these shared services. The department makes direct charges in relation to these services that can be directly apportioned to the agency.

The remainder of the department's recharge to the agency is an apportionment of costs. The department calculates the apportionment as a cost per full time equivalent employee within the departmental group multiplied by the number of the agency's full time equivalent employees.

2. Statement of Operating Costs by Operating Segment

The agency is split into 3 divisions for reporting purposes. Administrative costs are split between the divisions at a higher level. Additionally, administration and shared services is identified as a reporting segment for the analysis required by IFRS 8: Operating Segments.

The vast majority of the lines of operation fall within the same geographical location and regulatory environment. Segmental analysis of the agency's assets and liabilities are not reviewed by management and consequently are not provided here.

Further details of the operating divisions can be seen in the performance report.

2.1 2018-19

	Assessment and Policy Development £000	Test Operation £000	Test Development £000	Admin and Shared Service £000	Total £000
Gross expenditure	1,283	44,905	11,931	3,393	61,512
Income	-	(26)		-	(26)
Budget net expenditure	1,283	44,879	11,931	3,393	61,486
Shared service recharge	-	-	-	3,507	3,507
Auditor's remuneration	-	-	-	35	35
Total notional recharges	-	-	-	3,542	3,542
Net expenditure	1,283	44,879	11,931	6,935	65,028

2.2 2017-18

	Assessment and Policy Development £000	Test Operation £000	Test Development £000	Admin and Shared Service £000	Total £000
Gross expenditure	667	33,691	11,622	3,818	49,798
Income	-	(24)	-	-	(24)
Budget net expenditure	667	33,667	11,622	3,818	49,774
Shared service recharge	-	-	-	4,398	4,398
Auditor's remuneration	-	-	-	37	37
Total notional recharges	-	-	-	4,435	4,435
Net expenditure	667	33,667	11,622	8,253	54,209

3. Staff costs

	2018-19			2017-18
	Permanently employed staff £000	Others £000	Total £000	Total £000
Wages and Salaries	5,115	229	5,344	5,475
Social security costs	566	-	566	521
Pension costs	1,087	-	1,087	980
	6,768	229	6,997	6,976
Less recoveries in respect of outward secondments	-	-	-	-
	6,768	229	6,997	6,976

4. Grant expenditure

	2018-19 £000	2017-18 £000
Grants to Local Authorities	2,088	2,219
Grants to others	917	747
	3,005	2,966

5. Operating expenditure

	2018-19 £000	2017-18 £000
Marking	21,216	20,748
Print and logistics	8,671	7,605
Test research and development	14,465	5,705
Reception baseline assessment	2,204	103
Teachers skills test	1,862	2,795
Other expenditure	3,092	2,900
	51,510	39,856
Non-cash items:		
Auditor's remuneration	35	37
Shared service recharges	3,507	4,398
	3,542	4,435
	55,052	44,291

6. Intangible assets

All intangible asset expenditure is currently classed as assets under construction, and therefore not amortised. The asset being developed is in relation to online multiplication checks.

	2019 £000	2018 £000
Cost		
1 April	2,018	-
Additions	1,981	2,018
Disposals	-	-
At 31 March	3,999	2,018
Amortisation		
1 April	-	-
Charged in year	-	-
Disposals	-	-
At 31 March	-	-
Carrying value as at 31 March	3,999	2,018

7. Receivables

	2019 £000	2018 £000
Sums falling due within 1 year		
Trade receivables	20	32
VAT receivable	-	277
Deposits and advances	-	-
Other receivables	68	(5)
	88	304

8. Payables

	2019	2018
	£000	£000
Sums falling due within 1 year		
Other taxation and social security	149	142
Trade payables	1,602	1,045
Other payables	120	108
Accruals and deferred income	8,779	10,274
	10,650	11,569

9. Capital and other financial commitments

9.1 Capital commitments

Contracted and approved commitments at 31 March not otherwise included in these financial statements:

	2019	2018
	£000	£000
Intangible assets	1,074	482
	1,074	482

9.2 Other commitments

The agency has entered into non-cancellable contracts (which are not leases or PFI (and other service concession arrangement) contracts), for marking KS2 tests.

The total payments to which the agency is committed are as follows:

	2019	2018
	£000	£000
Non-cancellable contracts:		
No later than one year	33,711	28,109
Later than one year and not later than five years	77,083	198
Later than five years	-	-
	110,794	28,307

10. Related party transactions

The agency regards the department as a related party. During the year, the agency had a number of material transactions with the department and with other entities for which the department is the parent department.

In addition, the agency has had a number of transactions with other government departments and central bodies. Most of these transactions have been with the HMRC and PCSPS.

The agency's SCS are each required to complete an Assurance Framework Record where they declare related party transactions. The agency had no relationships which would be considered as related parties in 2018-19.

11. Events after the reporting period

11.1 Events after 31 March

No events occurred after the year end that require disclosure.

11.2 Authorisation

The Accounting Officer authorised these accounts for issue on the date they were certified by the Comptroller & Auditor General. These accounts do not consider events after that date.

Annex

Annex A – Glossary of terms

Abbreviation or term	Description
Agency, STA	Standards and Testing Agency
ARA	Annual Report and Accounts
ARC	Audit and Risk Committee
CEO	Chief Executive Officer
DfE, Department	Department for Education
EMB	Executive Management Board
FReM	Financial Reporting Manual
HMT	Her Majesty's Treasury
IAO	Information Asset Owner
KS	Key Stage
LA	Local Authority
NAO	National Audit Office
PCSPS	Principal Civil Service Pension Scheme
RM	Resource Management
SPR	Strategic Performance Review
SRO	Senior Responsible Owner
2016-17 and 2017-18	Financial years, ending on 31 March
2016/17 and 2017/18	Academic years, ended on 31 August

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